

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-01

PA-01 PRS-01 USIA-06 AGR-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /080 W

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P 071700Z JAN 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 8982

LIMITED OFFICIAL USE SECTION 1 OF 2 SAN JOSE 0049

E.O. 11652: NA

TAGS: ETRD EAGR CS

SUBJECT: 1975 MEAT IMPORT PROGRAM

REFS: (A) STATE 28297

(B) STATE 00626

(C) SAN JOSE 4919

BEGIN SUMMARY INITIAL REACTIONS INDICATE THAT COSTAN  
RICAN OFFICIALS ARE SHOCKED BY MAGNITUDE OF PROPOSED REDUC-  
TION OF MEAT EXPORTS AND CONTEMPLATED U.S. VOLUNTARY  
RESTRAINT PROGRAM. COSTA RICA WOULD SUFFER 20 PERCENT LOSS AS  
COMPARED TO 1974 SHIPMENTS AND 30 PERCENT LOSS AS COMPARED TO  
1975 POTENTIAL. EMBASSY ANTICIPATES THAT THE GOCR WILL MAKE  
A STRONG APPEAL FOR A MORE EQUITABLE SHARE OF U.S. META  
IMPORTS UNDER THE VOLUNTARY RESTRAINT PROGRAM. END  
SUMMARY.

1. EMBASSY HAS NOT YET RECEIVED REPLY TO ITS NOTE OF  
JANUARY 2 INFORMING GOCR OF PROPOSED VOLUNTARY RESTRAINTS  
(VRS) ON MEAT EXPORTS, BUT AGATT WAS CALLED IN YESTERDAY  
FOR PRELIMINARY DISCUSSION WITH MINISTER OF AGRICULTURE  
GARRON, AND TWO KEY ADVISORS TO MINISTRY OF ECONOMY CAME TO  
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EMBASSY AT THEIR REQUEST TO SEEK FURTHER INFORMATION ON

PROGRAM FROM CHARGE AND AGATT. EMBASSY HAS ALSO BEEN APPROACHED BY CATTLEMEN'S FEDERATION AND MEAT PACKERS ASSOCIATION. MINISTER OF AGRICULTURE AND OTHER CONCERNED GOCR OFFICIALS MET YESTERDAY WITH CATTLE GROWERS AND MEAT PACKERS AND TODAY FOREIGN MINISTER FACIO, WHO WISHES TO TAKE THE LEAD IN CONSULTATIONS WITH THE U.S., IS MEETING WITH MINISTERS OF AGRICULTURE AND ECONOMY AND KEY ADVISORS, AFTER WHICH INSTRUCTIONS ARE TO BE SENT TO COSTA RICAN AMBASSADOR SILVA.

2. GENERAL IMPRESSION OF LEVEL OF PROPOSED VRS FOR COSTA RICA IS SURPRISE AND ASTONISHMENT. PROPOSED VRS OF 43.2 MILLION POUNDS REPRESENTS APPROXIMATE 20 PERCENT REDUCTION FROM EXPECTED 1974 EXPORTS TO U.S. AND WOULD BE NEARLY ONE-THIRD UNDER CALCULATED 1975 EXPORT POTENTIAL. A REDUCTION OF BEEF EXPORTS OF THIS MAGNITUDE WILL BE A SEVERE SHOCK TO LOCAL CATTLE INDUSTRY AND WILL ALSO AFFECT GENERAL LEVEL OF EXPORTS AND ECONOMY ACCORDING TO LOCAL OFFICIALS). (EMBASSY ESTIMATES BEEF EXPORT REDUCTION AT \$7 MILLION). THEY ADD, THAT TO OFFSET SHORT-FALL, RELATIVE TO EXPORT POTENTIAL, DOMESTIC CONSUMPTION WOULD HAVE TO INCREASE 10 LBS PER PERSON, TOO MUCH TO BE ABSORBED ON LOCAL MARKET WHICH ONLY CONSUMES ABOUT 25 LBS PER CAPITA ANNUALLY.

3. MINISTER OF AGRICULTURE GARRON IS PARTICULARLY DISTURBED BY PROPOSED LEVEL. HE TOLD AGATT THAT COUNTRY HAD BEEN ANSWERING CALL FOR INCREASED MEAT EXPORTS EVEN AT SACRIFICE OF LOCAL GRAIN PRODUCTION. HE SAID THAT WORLD BANK AND OTHER INTERNATIONAL LENDING INSTITUTIONS HAVE HELPED TO STIMULATE LOCAL LIVESTOCK INDUSTRY AND IF EXPORTS HELD TO PROPOSED LEVELS, THERE WILL BE SERIOUS REPAYMENTS PROBLEM.

4. COSTA RICA IS ALSO DISAPPOINTED THAT U.S. VRS DO NOT RECOGNIZE ITS PERFORMANCE AS A FAITHFUL SUPPLIER. COSTA RICA HAD HOPED THAT ITS 1974 SHOWING OF BEING ONE OF FEW COUNTRIES TO INCREASE ITS EXPORTS DURING PERIOD OF DECLINING PRICES WOULD BE RECOGNIZED BY U.S. GAIN OF 1.1 PERCENT FOR REGION OVER 1972 NOT ACCEPTED BY SOME AS MUCH RECOGNITION FOR REGION AND ITS EFFORTS TO INCREASE EXPORT TO U.S. COSTA RICAN OFFICIALS PROUD THAT THEIR BEEF EXPORTS HAVE SHOWN LIMITED OFFICIAL USE

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STEADY GROWTH AND NO LARGE YEAR-TO-YEAR FLUCTUATIONS AS IS CASE WITH OTHER COUNTRIES. THEY ALSO FELT THAT THIS WOULD BE RECOGNIZED BY U.S.

5. ACTION REQUESTED: SEVERAL QUESTIONS HAVE ALREADY BEEN ASKED OF EMBASSY AND OTHERS ARE ANTICIPATED. DEPARTMENT'S GUIDANCE IN RESPONDING TO FOLLOWING WOULD BE APPRECIATED:  
(A) WHAT IS OPEN TO CONSULTATIONS RELATING "TO IMPLEMENTA-

TION AND ADMINISTRATION OF 1975 PROGRAM" (REF A, PARA 5)?  
IS THE BASE PERIOD OPEN TO NEGOTIATIONS; A CY 1972-74  
BASE WOULD PROBABLY BE MORE BENEFICIAL TO COSTA RICA AND  
POSSIBLY ALSO TO CENTRAL AMERICA VIS-A-VIS AUSTRALIA AND  
NEW ZEALAND. WHAT ABOUT 1973-75 BASE PERIOD AS IMPLIED  
IN LAW? WHAT ABOUT ESTIMATED LEVEL OF IMPORTS, COULD THIS  
BE RAISED FROM CURRENT 1,150 MILLION POUNDS TO "TRIGGER  
LEVEL" MINUS ONE OR 1,180 MILLION POUNDS? (B) MINISTRY OF  
AGRICULTURE OFFICIAL ASKED, WHAT IS AVENUE OR MECHANISM FOR  
ATTEMPTING TO NEGOTIATE A LARGER VRS LEVEL? (C) ANOTHER  
OFFICIAL QUESTIONED CONSEQUENCES FOR COSTA RICA IF IT OPTED  
NOT RPT NOT TO PARTICIPATE IN THE VRS PROGRAM LIKE CANADA,  
U.K., AND BELIZE? WE ASSUME THAT IF COUNTRY WITH COSTA  
RICA'S MAGNITUDE OF EXPORTS OPTED NOT TO PARTICIPATE, ABSOLUTE  
QUOTA OF 1,074 MILLION POUNDS WOULD BE IMPOSED, IS THIS  
CORRECT AND HOW WOULD SHARES BE ALLOCATED? (D) HOW IS REMAIN-  
ING 79.1 PERCENT DIVIDED AND HOW DOES THIS COMPARE WITH 1972  
SHARES?

6. EMBASSY WOULD APPRECIATE ADDITIONAL INFORMATION ON NEGOTIATION PROCEDURES AND GAME PLAN. ASSUME NEXT STEP IS TO AWAIT GOCR RESPONSE AND INDICATIONS OF THEIR WILLINGNESS TO SIGN VRS. HOW DO WE MOVE IF THEY REQUEST LARGER FIGURE AND HESITATE TO GIVE ASSURANCES ABOUT SIGNING A VRS AT THIS TIME? ALSO, WHAT IS RELATIONSHIP BETWEEN OUR DIRECT DEALINGS WITH GOCR AND CONTINUING SCCN MEETING? ARE WE CORRECT IN ASSUMING THAT OUR BILATERAL DISCUSSION AND SCCN NEGOTIATIONS ARE PARALLEL?  
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INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-01

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FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC 8983

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7. ANSWERS AND GUIDANCE TO ABOVE POINTS URGENTLY NEEDED.  
MINISTER OF AGRICULTURE TO MEET JAN. 6 WITH CATTLEMEN AND  
PACKERS, AND MINISTERS OF FOREIGN RELATIONS, ECONOMY AND  
AGRICULTURE TO MEET ON JANUARY 7 TO WORK OUT OVERALL  
POLICY.

8 COMMENT: OFFICIALS WHO HAVE RAISED SUBJECT WITH EMBASSY  
THUS FAR SEEM TO HAVE HAD EXPECTATIONS THAT 1975 PROGRAM  
WOULD HAVE INCORPORATED VOLUME FOR COSTA RICAN SOMEWHAT CLOSER  
TO RECENT ANNUAL EXPORT VOLUMES AND NOT SUCH A LARGE REDUC-  
TION. THEY ADMIT THAT NO NUMBERS WERE DISCUSSED AT DECEMBER  
19 SCCN MEETING, BUT POSSIBLY U.S. WILLINGNESS TO HOLD DIS-  
CUSSIONS AT LEAST LENT SOME FEELING OF CONFIDENCE TO THEM.  
GUIDANCE STATEMENTS INCLUDED IN REF B AND IN PARTICULAR  
STATEMENTS THAT "1975 IMPORT LEVEL... ABOUT 85 MILLION LBS  
(EIGHT PERCENT) HIGHER THAN ESTIMATED 1974 IMPORTS" AND "THE  
VOLUNTARY RESTRAINTS WE PROPOSE ARE CLOSE TO OUR ESTIMATES OF  
WHAT WESTERN HEMISPHERE SUPPLIERS MIGHT SHIP TO U.S. DURING  
1975" ARE LIKELY TO LEAD COSTA RICANS TO BELIEVE THAT THEY  
ARE BEING TREATED UNFAIRLY, VIS-A-VIS OTHER SUPPLIERS, IN  
BEING ASKED TO ABSORB SUCH A LARGE REDUCTION IN EXPORTS AS  
COMPARED TO 1974 SHIPMENTS AND 1975 POTENTIAL.

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## Message Attributes

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